

Message Text

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ACTION EB-08

INFO OCT-01 ARA-14 EUR-12 ISO-00 L-03 NSC-05 SS-15

AGRE-00 CIAE-00 INR-10 LAB-04 NSAE-00 SP-02

STR-07 TRSE-00 FRB-01 OMB-01 /083 W

-----071729 212108Z /70

R 202326Z MAR 78

FM AMCONSUL SALVADOR

TO SECSTATE WASHDC 0384

DEPARTMENT OF COMMERCE

INFO AMEMBASSY BRASILIA

AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

AMCONSUL BELEM

AMCONSUL PORTO ALEGRE

AMCONSUL RECIFE

AMEMBASSY THE HAGUE

UNCLAS SALVADOR 0040

E.O. 11652: N/A

TAGS: EINV, BTIO, EIND

SUBJECT: BRAZILIAN FIRM INVESTING IN U.S. REQUESTS U.S.POLICY

STATEMENT REGARDING REMITTANCE OF PROFITS.

COMERCE FOR OFFICE OF INTERNATIONAL INVESTMENT

STATE FOR FIBERS AND TEXTILES DIVISION

SUMMARY

NAMED SISALANA

MANUFACTURER OF BAILER TWINE IN BRAZILIAN STATE OF BAHIA HAS
NEARLY COMPLETED ARRANGEMENTS FOR PURCHASE OF SALES NETWORK
IN U S OF DUTCH FIRM NAMED UNITED ROPES DISTRIBUTORS. FOR LOAN
AND FINAL APPROVAL BY GOVERNMENT OF BRAZIL SISALANA REQUESTS
CITATION OR LAW REGARDING REMITTANCE OF PROFITS FROM U S CONSUL
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SALVADOR HAS PROVIDED LETTER TO SISALANA STATING THERE ARE NO
LIMITS OF SUCH REMITTANCES BUT HOPES DEPARTMENT OF COMMERCE CAN
CITE POSSIBLE "POLICY" STATEMENT TO REAFFIRM THIS . THIS
IS INTERESTING SMALL EXAMPLE OF "REVERSE INVESTMENT" BY
BAHIAN FIRM IN U S AND OF ECONOMICS OF SISAL FIBER MARKET.
END SUMMARY.

1. ON MARCH 16, WILSON ANDRADE, DIRECTOR OF SISALANA, A BAILER TWINE MANUFACTURER IN BAHIA CAME TO CONSULATE TO REQUEST CITATION OF LAW OR REGULATION RECARDING REMITTANCE OF PROFITS FROM U S OF FIRM WHICH MADE AN INVESTMENT THERE. HIS FIRM IS BUYNG UNITED ROPES DISTRIBUTORS, A DUTCH FIRM WHICH HAS SERIES OF OFFICES IN THE U S ALL HIS DOCUMENTS FOR THE ACQUISITION ARE IN ORDER BUT TO OBTAIN APPROVAL FROM CACEX (DEPARTMENT OF FOREIGN COMMERCE OF BANK OF BRAZIL) AND SPECIAL LINE OF CREDIT FROM DIVISION OF CACEX CALLED FINEX FOR PURCHASING STOCK OF OVERSEAS FORM , HE MUST PRESENT A DOCU MENT CONCENING THE RULES FOR REMITTING PROFITS FROM US.

2. CONSUL TOLD MR ANDRADE THAT THERE ARE NO LITATIONS , AND THEREFORE NO LAW CONSUL CONFIRMED THIS WITH TREASURY ATTACHE IN BRASILIA AND PREPARED LETTER FOR MR ANDRADE SATING THAT THERE WERE NO LIMITS ON REMITTANCE OF PROFITS.

3. ACTION REQUESTED . IN ORDER TO BACK UP LETTER AND TO BE BETTER ABLE TO RESPOND TO POSSIBLE FUTURE INQUIRIES, CAN DEPARTMENT OF COMMERCE CITE REFERENCE AND KEY WORDING OF SOME U. S. POLICY STATEMENT (IF IT EXISTS) CONCERNING REMITTANCE OF PROFITS THAT COULD BE GIVEN TO MR ANDRADE.

4. BACKGROUND ON THE INVESTMENT . SISALANA PRODUCES 20,000 TONS PER YEAR OF BAILER TWINE AND IS PLANNING TO DOUBLE THIS CAPACITY SHORTLY . IN ORDER TO SAVE INTERMEDIARY COSTS BY UNCLASSIFIED

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SELLING DIRECTLY TO DISTRIBUTORS IN U. S. SISALANA DECIDED TO MAKE DIRECT INVESTMENT IN U. S. SINCE BRAND NAME IDENTIFI- CATION IS IMPORTANT IN BAILER TWINE MARKET AND SISALANA KNEW UNITED ROPE DISTRIBUTORS WAS TERMINATING BAILER TWINE MANUFAC- TURING IN HOLLAND, SISALANA DECIDED TO PURCHASE THIS ESTAB- BLISHED FIRM'S SALES NETWORK IN U. S. (COST ABOUT U. S. \$1.500,000) RATHER THAN ESTABLISH A NEW FIRM.

5. THIS PURCHASE IS INTERESTING SMALL EXAMPLE OF TRENDS IN SISAL FIBER MARKET AND OF "REVERSE INVESTMENT" BY BRAZILIAN FIRM IN U.S. ECONOMIC MOTIVES FOR INDUSTRIALIZATION STEM FROM (A) FREIGHT COSTS \$70 FOR TON OF RAW SISAL TO EUROPE FOR MANU- FACTURE INTO BAILER TWINE PLUS 50 FOR TON OF BAILER TWINE FROM EUROPE TO U.S. VERSUS 52 DOLLARS PER TON BAILER TWINE FROM BRAZIL TO U. S. AND (B) BRAZILIAN INVESTMENT INCENTIVES . COPY OF CONSULATE LETTER POUCHED TO ADDRESSEES. WHITNEY

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PROFITS, FOREIGN INVESTMENT, FOREIGN POLICY POSITION
Control Number: n/a
Copy: SINGLE
Draft Date: 20 mar 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 jan 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978SALVAD00040
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780124-1132
Format: TEL
From: SALVADOR, BRAZIL
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780347/aaaabnmb.tel
Line Count: 111
Litigation Code IDs:
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Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 4642f2c3-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 02 mar 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3267787
Secure: OPEN
Status: NATIVE
Subject: BRAZILIAN FIRM INVESTING IN U.S. REQUESTS U.S.POLICY STATEMENT REGARDING REMITTANCE OF PROFITS. COMERCE FOR OFFICE OF INTERNATIONAL INVESTMENT
TAGS: EINV, BTIO, EIND, BR, US
To: STATE COM
Type: TE
vdkgvkey: odbc://SAS/SAS.dbo.SAS_Docs/4642f2c3-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
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